

August 2, 1999

**MEMORANDUM**

TO: Purchasing Offices  
Departments, Institutions, Agencies  
Commonwealth of Virginia

FROM: Ron Bell  
Director

SUBJECT: Procurement Information Memoranda (PIM) #98-002

DGS/DPS is excited to announce the Commonwealth's policy on electronic commerce. Agencies, departments and institutions may purchase through an electronic shopping mall (referred to as an *e-Mall*) on our website located at [www.dgs.state.va.us/dps/](http://www.dgs.state.va.us/dps/) or may conduct on-line buying through the Internet. Enclosed is PIM #98-002, effective immediately, representing these important changes to the September 1998 edition of the *Agency Procurement and Surplus Property Manual (APSPM)*. Please insert the appropriate page in Chapter 3.

Appendix C of the *APSPM* contains a log in which to list the PIM number and date of revision. This letter should be filed in back of the Appendix C log.

| Section | Summary of Changes  | Pen & Ink Changes   |
|---------|---|---|
| 3.25    | Electronic Commerce, the <i>e-mall</i> , and on-line buying through the Internet. | Add section 3.25 to page 3-1 under "In This Chapter Look For..."<br>Add to the Index under "E", a listing for Electronic commerce, and <i>e-mall</i> , showing 3.25 as the cite.<br>Add to the Index under "O", a listing for On-line Buying, showing 3.25 as the cite. |

If you have any questions about the change, please contact Nancy M. Davis at 804-786-0323.

to the contract. This is true even though title to the property provided may pass to the government and/or the contractor may be fully and directly reimbursed by the government. The same principle applies to persons who enter into contracts with a governmental entity to perform real property construction or repair.

### 3.24 **Tie Bids**

- a. **Virginia Products and Firms.** In the case of a tie bid, preference shall be given to goods and services produced in Virginia or provided by Virginia firms, if such choice is available (see 3.14b); otherwise, the tie will be resolved by the toss of a coin. The coin toss must be witnessed and the results recorded by a supervisor above the level of the buyer. Award(s) are to be made in favor of the Virginia bidder for tie line items and multiple purchase orders or contracts placed as required. Copies of tie bids resulting from competitive sealed bidding shall be forwarded to the Anti Trust Section of the Office of The Attorney General.
- b. **Recycled Content.** In the case of a tie bid in instances where goods are being offered and existing price preferences have already been taken into account, preference then shall be given to the bidder whose goods contain the greatest amount of recycled content (see also 3.14c).

### 3.25 **Electronic Commerce**

DGS/DPS has established an Electronic Mall (*e-Mall*) to facilitate the ordering of goods and services by agencies and institutions. The goal of the *e-Mall* is to leverage the Commonwealth's buying power, and to allow agencies and institutions the ability to place orders using either the Small Purchase Charge Card (SPCC) or an electronic purchase order (Agency or Vendor). The *e-Mall* is located on the DGS/DPS website, [www.dgs.state.va.us/dps/](http://www.dgs.state.va.us/dps/). It includes, but will not be limited to, state contracts, electronic catalogs, SPCC vendors, mandatory sources, and surplus property. In addition, agencies and institutions are authorized to do on-line buying of goods and services through the Internet. Agencies and institutions are encouraged to develop policies, procedures, and internal controls to manage this process and perform audits/reviews for those employees who have been given the authority to place orders electronically. Some areas to consider when revising or developing internal policies and procedures are: purchase request approval process, how to incorporate terms and conditions, interface with finance and accounting, encumbrance process, receiving reports, and automated system interface. The following DGS/DPS policies and procedures have been developed for agencies and institutions to follow when ordering through the *e-Mall* or on-line buying through the Internet:

- a. *e-Mall.*
  - (1) SPCC - Agencies and institutions may purchase goods or services through the *e-Mall*, up to \$5,000 if purchased from state contracts or from another source. Contract terms and conditions govern purchases made from state contracts.
  - (2) Electronic Purchase Orders - Agencies and institutions may purchases for goods or services in unlimited dollar amounts, unless dollar amounts are specified in the contract, when placing an electronic purchase order from state contracts or mandatory sources. For all other purchases, agencies and institutions may purchase up to their delegated procurement authority after complying with the competitive requirements and file documentation requirements in the *VPPA* and *APSPM*.
  - (3) Vendor Participation/Registration - A Memorandum of Understanding (MOU) shall govern vendors participating in the DGS/DPS *e-Mall*. The purpose of the MOU is to verify the vendor's acceptance of the Commonwealth's terms and conditions and validate that controls are in place to accept the SPCC and electronic purchase orders. DGS/DPS will establish and manage the MOU.
- b. On-Line Buying. Agencies and institutions may purchase goods and services through the Internet by using the SPCC and transmitting the card number or by Electronic Purchase Order up to \$5,000.

**Security Requirements** - In order to procure goods or services through the Internet, the vendor must have a Secure Socket Layer (SSL) Version 2.0 or greater. It is the agency's responsibility to ensure the vendor meets the SSL 2.0 requirement before placing an order and using the SPCC as a method of payment. To ensure the vendor has a SSL, the Address Window must start with <https://>. This may not occur until the payment information is requested. For information about the vendor's security certification, check under Help on your browser's tool bar. Buying through the Internet might subject an agency or an institution to the vendor's terms and conditions if no MOU exists. Agencies are encouraged to establish a MOU with vendors they conduct business with on a regular basis. See the DGS/DPS website for sample MOUs.